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SUBJECT: LIBERIA: SCENE SETTER FOR CODEL LOWEY

11. (SBU) Embassy welcomes the August 16, 2007 visit of the Congressional delegation led by Representative Nita Lowey, Chairwoman of the House Appropriations Committee, Subcommittee on Foreign Operations. Liberia is at a critical moment in its history, emerging from 14 years of civil war under a democratically elected government that has been in office a year and a half. The Government of Liberia faces daunting challenges. The country's civil and societal institutions, as well as its infrastructure, were destroyed during the conflict. Rebuilding Liberia involves reestablishing the rule of law, recruiting and training a new police force, standing up a new army, rebuilding procedures and institutions for sound economic governance, controlling rampant corruption, and putting in place infrastructure needed to stimulate economic growth and to facilitate provision of basic services. In addition to rebuilding infrastructure, the issue of social relationships and reconciliation, including coming to terms with the atrocities of the war, are all part of the agenda facing the new government and are essential to moving Liberia from being a failed state to becoming fully functional once again.

Political Overview

12. (U) Liberia, Africa's oldest republic, is located on the West Coast of Africa, along the Gulf of Guinea, and shares borders with Sierra Leone, Guinea, and Cote d'Ivoire. Liberia is a member of the Economic Community of West African States (ECOWAS), the African Union (AU), the Mano River Union and the United Nations. Liberia's population is estimated to be 3.4 million with a population growth rate of 2.5 percent. Approximately 1 to 1.5 million persons live in greater Monrovia, the country's capital, while the rest of the country is sparsely populated. Approximately 60% of the population is under 25 years old. The last census was conducted in the mid 1980s. A new census will be taken in 2008.

13. (U) Peace was restored to Liberia after a fourteen-year civil war with the signing of the Accra Comprehensive Peace Agreement (CPA) in August 2003. The CPA established the National Transitional Government of Liberia (NTGL), which was constituted by representatives of former warring factions, former Government of Liberia officials, and civil society representatives. The United Nations stationed 15,000 peacekeeping troops in Liberia and initiated a disarmament and demobilization program in which 103,000 ex-combatants enrolled. Over the course of 2003 to 2004, the United Nations Mission in Liberia (UNMIL) expanded its deployment to all of Liberia's fifteen counties and is still primarily responsible for security throughout the country.

14. (U) As specified by the CPA, national elections took place on

October 11, 2005 to choose Liberia's President, Vice President, Senate, and House of Representatives. Thirty political parties were recognized for the election and 22 candidates ran for the Presidency. Ellen Johnson Sirleaf of the Unity Party (UP) was elected President in a November 8 run-off election against former soccer star George Weah of the Congress for Democratic Change (CDC) party. Johnson Sirleaf was inaugurated as Africa's first female head of state on January 16, 2006. The executive branch has 20 ministries and 15 parastatal companies or state-owned enterprises. Capacity below senior levels of most ministries is quite low, as are civil service salaries (In the government's budget for July 2007-June 2008, the minimum wage for civil servants was set at US\$ 50 per month.) This lack of capacity hinders implementation of government reforms.

15. (SBU) There are 11 political parties represented in Liberia's legislature. The CDC party has the largest single block in the House of Representatives with 16 elected members out of a total of 64 members (one seat is currently vacant following the death of the sitting legislator). The Coalition for the Transformation of Liberia (COTOL) has the largest single block of representation in the Senate with 7 elected members out of a total of 30 Senators. The Liberian legislature has been largely ineffective during its first year and a half, passing no more than a handful of laws. Members of the House of Representatives spent the first month of the current session, which began January 15, mired in a crisis brought about by an attempt to unseat former Speaker Edwin Snowe. Some members of the House refused to sit under Snowe's gavel and held plenary sessions at a separate location and passed a resolution removing Snowe. Snowe responded by alleging that his colleagues had accepted bribes in exchange for ousting him and lodged a case before the Supreme Court alleging that his constitutional right to due process and his rights under the Standing Rules of the House of Representatives were violated. The Supreme Court decided that the acts taken to remove Snowe were unconstitutional and vacated his removal from office. Snowe ultimately resigned as Speaker on February 15. While Liberia's citizens waited for legislation to provide them with basic services, jobs, and an improved quality of life, their elected representatives squabbled. Alex Tyler of COTOL was elected Speaker of the House on April 5, with a small margin of 32 votes out of a total of 60.

16. (SBU) The Liberian judiciary is divided into four levels: justice of the peace courts, magistrate courts, circuit courts, and the Supreme Court. Judges and magistrates are assigned throughout Liberia's 15 counties, but not all counties have a courthouse and many lack furniture and basic supplies. Judges are subject to political, social, and financial pressures and corruption exists. Trials are public and juries are used in circuit court trials, but not at the magistrate court level. Under the law, defendants have the right to consult with an attorney in a timely manner and to have access to government-held evidence relevant to their case. However, in practice these rights are not always observed. There continue to be long delays in disposition of cases and most prisoners are in pre-trial detention.

Economic Overview -----

17. (U) Liberia's abundant natural resources make it a country with great potential for investment, though civil unrest, insecurity, and corruption have stymied this potential in the last 25 years. Liberia's infrastructure was destroyed during its civil war, leaving it with a limited transportation network, scores of broken down or half-finished buildings, no central electric power, no piped water system, and no landline phone system. Poor infrastructure makes it difficult for Liberians to conduct business and even more difficult to attract the investment needed to create jobs and give Liberian tangible evidence of a better future.

18. (U) Liberia is one of the poorest countries in the world with an estimated per capita GDP of US \$407. We estimate that only 15% of the labor force is employed in the formal sector. Estimates of illiteracy range from 60-85%. Liberia's largely unskilled labor force works as rubber tappers, petty traders, seafarers, miners, and agricultural workers. The government has prepared an Interim Poverty Reduction Strategy Paper (IPRSP) as part of its strategy to address economic development. Downsizing of the civil service and

raising salary levels are government priorities. The legislature passed forestry legislation in September 2006, which provides the legal framework for the development of this sector of the economy and resulted in the lifting of UN sanctions on the export of timber.

The first timber concessions will not be awarded before late 2007 and timber exports are not expected until 2008. Liberia was deemed compliant with the Kimberly Process in May 2007 and the UN ban on exports was lifted. However, a mining moratorium remains in effect until Kimberly Process certificates are received. U.S. assistance including resident experts from the USDA Forestry Service and the US Geological Service were critical in helping Liberia get out from under UN sanctions on timber and diamonds.

¶9. (U) Liberia was designated AGOA-eligible on December 29, 2006 and the Ministry of Commerce is aggressively seeking ways to take advantage of AGOA. The high price of rubber is encouraging development of that sector after years of neglect and Bridgestone/Firestone, the country's largest rubber exporter and largest private employer, is pursuing a multi-year investment and replanting program. In the iron ore mining sector, Acelor/Mittal signed a revised mineral development agreement on December 28, 2006 to rehabilitate the Yekepa mine, rebuild the railroad between Yekepa and the Port of Buchanan, and renovate the Port of Buchanan. The estimated investment is one billion dollars and the project is expected to stimulate corollary developments in housing, power generation, and agricultural production, and will create over 3,500 direct jobs.

¶10. (U) In February 2007, the U.S. and Liberia concluded an "Open Skies" aviation agreement, although at the present time there is no

direct air service from Liberia to the United States. Also in February 2007, the United States Trade Representative (USTR) and the Government of Liberia signed a bilateral Trade and Investment Framework Agreement (TIFA).

USG Programs in Liberia

¶11. U.S. strategy for helping build post-conflict Liberia is based on the recognition that there are linkages between key areas of security, economic recovery, governance, and provision of basic services. As a result we are engaged on a variety of issues including: reintegration of ex-combatants, IDPs, and refugees, reform of the security sector, community reintegration, strengthening the rule of law and respect for human rights, promotion of transparent and effective governance, rehabilitation of key infrastructure, restructuring of the forestry and diamond sectors, and expanded access to and quantity of health care and education. Establishing rule of law is one of Liberia's most important challenges. The U.S.-funded Justice Sector Support-Liberia (JSSL) program is helping rebuild Liberia's justice system by improving the quality of criminal investigations and prosecutions, improving coordination among police and prosecutors, strengthening the capacity of public defenders, improving court administration and criminal case management procedures, and developing the institutional capacity of the Supreme Court and Ministry of Justice to develop and manage budget and finance functions. The U.S. is taking the lead in Liberia's security sector reform by managing the restructuring of the Liberian armed forces, retraining President Johnson Sirleaf's protective detail (SSS) and supporting UNMIL in restructuring the national police.

¶12. USAID manages a range of activities including vocational skills training; education; health; community development; capacity building; rebuilding infrastructure; literacy; support for democratic and transparent elections; economic development initiatives; improving transparency and accountability in government entities; strengthening the legislature, political parties and elections systems, and improving civil society's capacity to hold government accountable; supporting increased agriculture productivity and market development; increasing access to justice through the establishment of legal aid clinics, victim abuse centers legal internships, alternative dispute resolution mechanism, and legal training. Throughout FY 2004 and 2005, USAID implemented a nationwide public works and skills training program that employed up to 34,000 ex-combatants and other war-affected Liberians to rehabilitate urban and rural roads, community buildings, hospitals,

clinics, schools, and community offices. In FY06, USAID funding created more sustainable jobs and increased farmer incomes by resuscitating the agricultural sector with a focus on improving production of cocoa and rubber. In FY07, USAID programs are focusing on basic community infrastructure, maternal and child health, primary education, improving public sector executive functions, sustainable natural resource development, promoting agricultural sector productivity, expanding energy services, and improving roads and facilities at Roberts International Airport, the country's only international airfield and the port of Monrovia. In December 2006, President Bush announced that Liberia would be added to the list of focus countries that will receive assistance under the \$1.2 billion President's Malaria Initiative (PMI).

¶13. Other USG programs in Liberia include the US Trade and Development Agency (TDA), which is funding a feasibility study for the rehabilitation of the Mt. Coffee Hydro Electric Dam and the U.S. African Development Foundation (ADF), which is currently in its third round of no-interest loans and technical assistance for entrepreneurial expansion and small business development in Liberia. In FY-07 ADF provided loans/grants to 8 entities for a total of US\$ 1.3 million. The Overseas Private Investment Corporation (OPIC) is also actively engaged in Liberia. It is providing \$20 million in debt capital for the Liberian Enterprise Development Fund in collaboration with ADF and the Robert L. Johnson Foundation.

¶14. With funding from USAID, the National Democratic Institute for International Affairs (NDI), the International Republican Institute (IRI) and the International Foundation for Elections Systems (IFESH) are engaged in political party development, legislative strengthening, and support for elections processes. In addition, the Carter Center and the Clinton Foundation have programs in Liberia. George Soros, the Scott Foundation, and several other private American philanthropic groups are also actively supporting Liberia's recovery.

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